

Message Text

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17

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 SS-15 NSC-05 L-03 DODE-00 /076 W

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P R 020445Z FEB 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 3525

INFO DEPT OF TREASURY PRIORITY

USDOC PRIORITY

AMCONSUL DHAHRAN

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E.O. 11652:TN/A

TAGS: EFIN, ECRE, SA, US

SUBJECT: PROPOSED TEAM TO DISCUSS SURETY BONDS VS. PERFORMANCE

GUARANTEES

REF STATE 023883

1. DATES: MINFIN ABA AL KHAYL AND SAMA GOVERNOR ABDUL AZIZ AL-QURAYSHI AGREED TO VISIT OF TEAM ON FEBRUARY 14 AND REQUESTED CONFIRMATION SOONEST.

2. PLACE: MINFIN AND SAMA GOVERNOR PROPOSED THAT DISCUSSIONS BE HELD AT SAMA OFFICES JIDDA, NOT REPEAT NOT RIYADH, AND REQUESTED CONFIRMATION SOONEST.

3. SIZE OF TEAM: MINFIN WILL SEND REPRESENTATIVES TO JIDDA FOR TALKS. ENTIRE SAG TEAM WILL PROBABLY NUMBER NO MORE THAN FOUR PERSONS. USG SHOULD CONFINE "TEAM" TO EQUAL NUMBER FOR FORMAL DISCUSSIONS WITH SAG. USG, HOWEVER, MAY BRING ADDITIONAL EXPERTS FOR BACK-STANDING (RECESS FOR CONSULTATION).

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4. HOTEL RESERVATIONS: NO REPEAT NO GUARANTEE OF HOTEL

SPACE JIDDA BUT WILL KEEP TRYING.

5. ROYAL COMMISSION FOR JUBAYL AND YENBO: IT APPEARS THAT ROYAL COMMISSION WILL NOT PLAY A ROLE IN OVERALL CHANGES OF SAG CONTRACT PROCEDURES. COMMISSION MAY MAKE CHANGES IN CONTRACT PROCEDURES FOR PROJECTS UNDER COMMISSION'S JURISDICTION. PROJECTS COMTEMPLATED FOR JUBAYL AND YENBO WOULD THEMSELVES BE CONSIDERABLE. THE GENERAL SECRETARY FOR THE ROYAL COMMISSION, FAROUK AKHDAR, DOES NOT APPEAR TO UNDERSTAND THE PROBLEMS WHICH WE HAVE WITH SAG CONTRACTING REQUIREMENTS. A MEETING WITH HIM, FOR WHICH MINFIN AND SAMA CONCURRENCE WILL BE NECESSARY, WOULD BE DESIRABLE.

6. MEETINGS WITH OTHER AGENCIES: EMBASSY LIAISON OFFICER, RIYADH, HAS COMMENTED AS FOLLOWS-BEGIN QUOTE AM CONCERNED ABOUT PARA (4) JIDDA 480. IT HAS BEEN MY UNDERSTANDING THAT SAMA AND MINFINANCE ARE NOT PARTICULARLY ANXIOUS FOR TEAM TO HOLD DISCUSSIONS WITH OTHER MINISTRIES. SAMA AND FINANCE POSITION IS THAT THEY SET POLICY ON THESE MATTERS. THEY TELL THE OTHER MINISTRIES WHAT THE PRACTICES WILL BE; THEREFORE, IT WOULD NOT BE TERRIBLY APPROPRIATE FOR OUR TEAM TO TALK DIRECTLY WITH OTHER MINISTRIES. END QUOTE.

7. COMMENT: EMBASSY RESPONDED TO PARA (7) STATE 013709 PER PARA (4) JIDDA 480. REASONING WAS THAT THE LARGE CONTRACTS TO BE LET FALL UNDER JURISDICTION OF THOSE MINISTRIES/AGENCIES. SALINE WATER CONVERSION CORPORATION HAS BEEN PARTICULARLY CRITICAL OF FAILURE U.S. FIRMS TO BID. THUS, EMBASSY BELIEVES IT WOULD BE BENEFICIAL IF TEAM COULD GET ITS VIEWS BEFORE OTHER AGENCIES AS WELL. WITH LOCALE FOR TALKS NOW MOVED TO JIDDA, IT IS UNLIKELY WHAT TEAM WILL HAVE DISCUSSIONS WITH OTHER BRANCHES OF SAG. PORTER

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